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Market Information -- Where to Get It, How to Use It

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though increased population also means there are more people to share in these costs. But experience in Iowa indicates that a declining population, too, can result in higher per capita costs for state and community services—unless retrenchments and adjustments such as school reorganizations and the like are accomplished.

It is in this area of "costs versus returns" that reliable and specific information is most lacking. Yet it is one of the basic considerations on which a community decision might be based. This is one of the areas where more study is needed both at local and state levels to provide specific and factual data.

What to Do?

To some extent, communities can examine their own situation and plan for the future on the basis of what information is avail-

able, though it may be necessary to delve more deeply for particular facts applicable to the local situation.

Communities thinking of attracting industry will find that three current national trends already are acting to encourage industrial expansion:

1—The national increase in population—which, at a rate of 1.8 percent annually, compounds itself into a doubling rate at 50 years;

2—Rapid development of new technology and the opportunities which this provides; and

3—Expansion within the industry itself. Steel-making capacity, for example, is doubling every 14 years despite increased substitution of other materials for use in final manufacture.

With these forces in the national picture, it might seem that there's nothing to do but wait. But here are three other factors to consider:

1—We're already losing much of our natural increase in population; we're already "exporting" our people;

2—We must "compete" with about six neighboring states in attracting additional export types of industry to our state or community if we decide that this is desirable; and

3—Without some planning, guidance, control and policies for industrial expansion in whatever degree we choose, development may not happen in the way we would want or choose. Thus, this factor becomes important in case we decide that additional industry would be desirable or if we decide that it would not be.

So far, we've been considering *our* standpoint with regard to state and community opportunities and possible industrial development as one means to this end. In our next article, we'll take a look at why industries locate where they do, at what *they* look for in a state or community and at some of the various types and sizes of industry for which Iowa would likely be suitable.

Where to Get
How to Use



Market News

Current market information, coupled with outlook information and an understanding of seasonal price and supply patterns, can help make your marketing decisions an additional paying part of your farm business.

by Gene A. Futrell

DECIDING when and where to sell your livestock and crops are vital parts of your farm business. Careful marketing can increase returns. Careless or haphazard marketing, on the other hand, may offset any gain you've

already achieved through efficient production and management.

Most marketing decisions are made under conditions of uncertainty regarding expected prices. There is, however, a great deal of market information available. Used wisely it can reduce uncertainty and help you make marketing decisions to your advantage.

Market information includes more than just current information on supplies, prices and market conditions. It includes background and outlook information as well. You'll find that you can make most effective use of current day-to-day market information when you couple it to (1) an understanding of normal seasonal patterns and (2) a

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knowledge of current background and outlook material.

Marketing: Two Parts

On-farm marketing decisions are of two types. One includes year-to-year production plans. These might be thought of as preliminary marketing decisions. For example, you establish the approximate time of your hog marketings when you choose the time your brood sows will be bred. Background information, outlook and an understanding of seasonal patterns can be most helpful in making this type of decision.

The more generally recognized marketing decision is that of deciding when and where to sell what you've already produced. Current market information, supplemented by outlook and background material, can help you make the most effective decisions here, too. Choice of the best market calls for careful consideration of current supply, demand and price conditions at the markets available.

We'll take a closer look at the problem of deciding when and where to sell. But, first, let's see how most of the market information is collected and how it's made available.

How Gathered . . .

Most farm market information is collected by the Market News Service of the United States Department of Agriculture—often through cooperative federal-state arrangements. The Market News Service had its beginnings in 1915 when reports were first released on strawberry prices at Hammond, La. Since then, collection and distribution of market information has grown to include practically every farm product. Reports on prices, market conditions and supplies are now released several times each day.

Assembly of livestock information began in 1918 when reports were released from Chicago. At present, market reporters are located at nearly all of the large public livestock markets in the country. Additional information is collected on direct livestock sales in several market areas, including Iowa and southern Minnesota.

The USDA also assembles market information on poultry and eggs at primary markets and in some of the main producing areas. Private reporting agencies and, in some instances, members of the trade itself, also collect and release produce reports.

Current information on grain markets—both cash and future—is released by the USDA and by the grain trade. Branches of the Market News Service also assemble and report information on dairy products, fruits, vegetables, cotton and tobacco.

Information collected by the USDA is transmitted directly by teletype to all parts of the country. It is released also to press and radio wire services. These are the main links in getting the information to radio stations and newspapers for their use. Grain, produce and stock market reports are also transmitted direct from the exchanges by commercial ticker service.

How to Use . . .

Here are some of the kinds of information collected and how it can be used in marketing some of the commodities common to Iowa.

Livestock: Estimates of the salable supply of each class of livestock at terminal markets are released early each morning. Estimates of direct hog and sheep marketings in Iowa and southern Minnesota are released about mid-morning. And advance estimates of the following day's supplies are available for several of the larger terminal markets. These daily market supplies are one of the first factors to consider in deciding when and where to sell.

In using these supply figures, see how the current supply compares with that on the corresponding day of a week or a year earlier. Compare supplies both at individual markets and in total. Where possible, try to picture the week's accumulation of marketings; this gives some indication of prospective slaughter needs. Packers prefer to have their facilities busy but not overcrowded.

Though the exact effect of supply changes on prices can't be estimated precisely, a knowledge of relative supplies is still helpful.

For example, substantially larger supplies—compared with the corresponding day of recent weeks—can be expected to press down on prices. Relatively small supplies, on the other hand, would indicate a higher price trend. Interpretation of supply estimates, however, should also take current demand conditions into account. Short-run changes in demand—because of holidays, weather and other factors—also will affect prices.

Price information on livestock is collected at all major public markets. Prices are quoted on hogs, cattle and sheep, usually by specific weights and grades. This makes it possible to compare prices between markets and to estimate what your livestock is likely to sell for. In Iowa and southern Minnesota, hog prices are reported for most of the packing plants located in the area. This includes specific prices by grades at most of the plants, plus a general range of prices within the area. A daily report on lamb prices at these markets is also available.

Knowledge of supply and price conditions at alternative markets strengthens your bargaining position with buyers. Many livestock producers don't consider these factors at all—merely selling to the same buyer as regularly as livestock are ready. This is the simplest system and requires the least effort. But it's unlikely to consistently yield the greatest returns.

Choosing the best market as price relationships change offers the best bet for gaining highest returns consistently. To do this, watch the price trends at different markets. Compare especially the prices at your usual outlet with those at alternative markets. See what the price differentials are between markets; then consider transportation and handling charges for reaching the different markets. Find where your net returns will be greatest. Keep a close watch on supplies, and then make your decision.

Eggs: Price information on eggs is available daily for major markets such as Chicago and New York. A report on the Iowa egg market is released each day by the Federal-State Market News Service in Des Moines. Besides prices,

these reports also indicate supply and demand conditions and other information relative to the general market situation. Local prices are published in most daily newspapers.

Using this information can help you find the best market. Many buyers base their price offer on Chicago's or New York's—paying producers at a certain differential under that base. Find out what these differentials are, and follow the trend of the market to maintain a strong bargaining position with buyers.

Compare prices at all of the outlets conveniently available to you. The range of prices offered on a specific grade may surprise you. Don't take less than you might simply because you haven't compared markets and kept up to date on prices. Compare also the grading ability of buyers. Choose *convenient* outlets that do a good job of grading and pay appropriate price differentials on a quality basis.

Grains: With grain to sell, you usually have three choices: (1) to sell at harvest time, (2) to store for later sale or (3) to market through livestock. The normal seasonal price movement gives some idea of what to expect. But the extent of any price recovery after harvest depends on how the total supply of grain stacks up against the potential demand for the year.

In deciding whether or not to feed your grain, outlook information on grain and livestock prices can be used to estimate the feeding ratios in the months ahead. Thus, if the price ratio between corn and cattle, for example, looks favorable for feeding—and if you have the facilities and know-how for the job—this might be the best way to market your corn. At other times, selling grain for cash may offer greater and more certain returns.

If you store, keep a close watch on the grain's condition. In deciding when to sell, keep an eye on the production outlook for the coming year. If early indications point to a big crop, don't hold your grain too long into the production year.

Effective grain marketing calls for consideration of production estimates and potential demand factors. Outlook forecasts are the best

sources of information to help with this. Daily information is available on the cash-grain and grain-futures markets. Watch local elevator quotations when deciding when and where to sell cash grain. Consider both the No. 2 or trading grade price and the discounts or premiums on other grades.

Futures prices give some indication of what the trade expects in the months ahead. And hedging in the futures market may offer additional possibilities if you have a fairly large amount of grain. Consider also governmental activities in the grain market. Price-support and disposal programs are necessarily a part of your present-day grain marketing plans.

Your Sources . . .

To make use of marketing information, get into the habit of following the radio and television market reports covering your products. Find a source which offers timely, complete and accurate reports for your needs. This is the only way to make full use of the market information available.

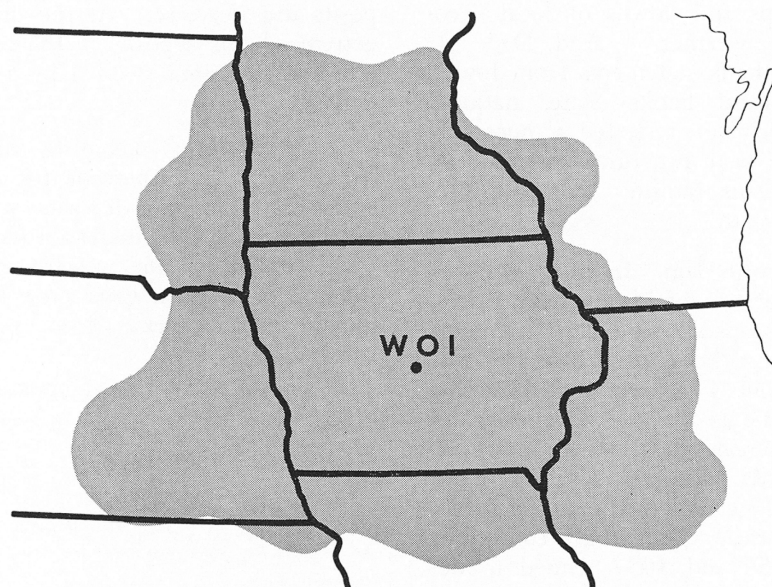
Iowa State College, through its radio station, WOI (640 kc.), attempts to provide as much help in the market news area as possible. Currently, WOI reports market information on all major Iowa farm products. This service is geared

to provide timely and complete reports during the morning when most marketing decisions are made. Reports are broadcast at 8:45, 9:30, 10:30 and 11:30 in the morning and at 12:30 and 1:30 in the afternoon.

Market news is broadcast also by most other radio stations in the state. It is available, too, in your daily newspaper and farm publications. Local buyers are sources of additional information. Find out what information is available to you and how you can use it to best advantage. You'll find it generally pays to keep yourself informed—rather than trying to catch up on what's happening the day before you plan to sell.

Current market information, coupled with outlook information and an understanding of seasonal price and supply patterns, can be helpful in making your marketing decisions an additional paying part of your farm business.

At times, it may not be practical to send small shipments to an otherwise "best" market, and differences in grading practices may also present some problems. You may not always be able to hit the high market. But you'll probably do a better marketing job, be more satisfied with the results and have more money in your pocket if you keep in touch with the current market situation.



The shaded area on the map shows the primary area served by WOI and its market news services. Listeners, however, have reported from Indiana, Kansas and Montana in addition to the states shown.